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A PRACTICAL PROGRAM

FOR

The Prevention of

UNEMPLOYMENT

in

America

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FOREWORD

The time is past when the problem of unemployment could be disposed of either by ignoring it, as was the practice until recent years in America, or by attributing it to mere laziness and inefficiency. We are beginning to recognize that unemployment is not so much due to individual causes and to the shiftlessness of "won't-works," as social and inherent in our present method of industrial organization.

During the winter of 1914-1915 the Metropolitan Life Insurance Company, at the request of the committee on unemployment appointed by the mayor of New York, estimated after a careful canvass of its industrial policy-holders that 442,000 persons were unemployed in New York City. In the first two weeks of February a careful canvass was made by agents of the federal Bureau of Labor Statistics, on the basis of which it was estimated that 398,000 were still unemployed at that time. The disputed estimate of 325,000 unemployed in that city alone, made during the previous winter by the Association for Improving the Condition of the Poor, seems, therefore, not to have been exaggerated. At the same time relief agencies in many other cities were swamped. Municipal lodging houses were turning away many genuine seekers after work—to sleep on bare boards at the docks, in warehouses, even in morgues.

The United States Census for 1900 showed that 6,468,964 working people, or nearly 25 per cent of all engaged in gainful occupations, had been unemployed some time during the year. Of these 3,177,753 lost from one to three months' work each; 2,554,925 lost from four to six months each; 736,286 lost from seven to twelve months each.

Similar data were collected by the government in 1910, but they are still unpublished.

In 1901 the federal Bureau of Labor investigated 24,402 working class families in thirty-three states, and found that 12,154 heads of families had been unemployed for an average period of 9.43 weeks during the year. The New York State Department of Labor collected reports each month during the

ten years 1901-1911 from organized workmen averaging in number 99,069 each month, and found that the average number unemployed each month was 14,146, or 18.1 per cent.

The federal Census of Manufactures for 1905 shows that in one month 7,017,138 wage-earners were employed, while in another month there were only 4,599,091, leaving a difference of 2,418,047. That is to say, nearly two and a half million workers were either unemployed or compelled to seek a new employer during the year. These figures were drawn from the manufacturers' own records.

It is important, therefore, that those who are aiming at the prevention of unemployment in America should never forget that it is a problem continually with us, in good seasons as well as in bad seasons. Occasional crises, with their sympathetic demands for temporary relief, should not blind us to the need for a constructive program. In the meantime the community, as a result of its past neglect to adopt some energetic constructive policy on unemployment, is being constantly confronted with an army of idle workers whose distress, which becomes conspicuous with the approach of bitter weather, demands and, according to the analysis here presented, deserves adequate relief.

Much unemployment is clearly caused by lack of efficient means for supplying information of opportunities and for enabling workers to move smoothly and rapidly from job to job. *Public employment exchanges must be established.*

A careful arrangement of public works to be increased in the slack seasons and lean years of private industry would help equalize the varying demand for labor. *Public work must be systematically distributed.*

Much unemployment is due to irregularity of industrial operations over which the workers have no control. Periodic abnormal excess of labor supply over labor demand is caused by the fluctuations of industry, which in its present disorganized form makes necessary constant reserves waiting to answer calls when they come. Hundreds of thousands more of workers are needed in good years than in bad years, and in each industry many more are needed in the busy season than in the slack season. Furthermore, in almost every business, special calls arise for more workers to be taken on for a few weeks, a few days, or even a few hours. The reserves necessary to meet

these cyclical, seasonal or casual demands should be reduced to a minimum. *Industry must be regularized.*

While reserves of labor are essential to the operation of fluctuating industries, the industry and the public should recognize their responsibility to return these workers to industry with efficiency unimpaired and in good health and spirits, and to preserve them from degenerating through privation into the class of unemployables. *Adequate unemployment insurance must be established.*

In addition to these measures for directly attacking unemployment, a variety of other policies which are indirectly helpful should also be encouraged. Among the most important of these are better industrial training, a revival of agriculture, a proper distribution of immigrants, and adequate care for the unemployable.

The general scheme of economic reconstruction and organization here outlined is based upon a number of intensive studies carried on during 1914 by special investigators for the American Association on Unemployment, and will, it is believed, lead to conspicuous and permanent improvement in what has well been called one of the most perplexing and urgent of industrial problems.

THE PREVENTION OF UNEMPLOYMENT

Any comprehensive and workable campaign for the prevention of unemployment should emphasize the following lines of activity: I. Establishment of public employment exchanges; II. Systematic distribution of public work; III. Regularization of industry; and IV. Unemployment insurance.

I. ESTABLISHMENT OF PUBLIC EMPLOYMENT EXCHANGES. An essential step toward a solution of the problem of unemployment is the organization of the labor market through a connected network of public employment exchanges. This is vitally important as a matter of business organization and not of philanthropy. It is of as much importance for the employer to find help rapidly and efficiently as it is for the worker to find work without delay. The necessity of organized markets is recognized in every other field of economic activity, but we have thus far taken only timid and halting steps in the organization of the labor market. The peddling method is still, even in our "efficient" industrial system, the prevalent method of selling labor. Thus a purely business transaction is carried on in a most unbusiness-like, not to say medieval, manner.

The system of employment exchanges in order to be thoroughly effective should be organized not only by municipalities and states, but also by the federal government. Local exchanges should be established in every city, either by the municipality, or by the state, or by both in conjunction. These should be brought into a connected system by means of state offices which would act as clearing houses and make possible the movement of workers throughout the state to the localities where they are needed. The work of the state offices should be further co-ordinated by an interstate exchange of information and assisted by a federal employment bureau organized on a national basis.

About sixty public employment exchanges have been established by twenty-one American states, in addition to which about twenty have

been opened by municipalities. In the Congress which adjourned on March 4, 1915, no fewer than six bills were introduced for the establishment of a national system of labor exchanges under the federal government. In Great Britain such a national system, comprising over 400 local exchanges, is maintained by the board of trade, while Germany has 323 offices and France 162, all maintained by local authorities.

1. **Local Employment Exchanges.** The local bureaus—state and municipal—should aim at a rapid connection between the “right man for the job and the right job for the man.” Their watchword should be efficient service to both employer and worker, and they should aim to extend this service as completely as possible into all industries and all occupations. In establishing and operating these exchanges the following points are important:

(1) **LOCATION AND CHARACTER OF OFFICES.** Well arranged, roomy, easily accessible offices should be chosen, in good neighborhoods.

(2) **DEPARTMENTS.** Offices should be divided into separate departments for

a. Men, women and children.

b. Separate industrial groups, such as skilled and unskilled labor, farm labor, domestic, clerical and factory labor, and the handicapped. In time, as their organization improves, they may need to establish special departments for certain large skilled trades, such as bookbinding, textiles, and boot and shoe making, and for professional groups, such as teachers and skilled technical workers.

Practically every public employment exchange in America has separate departments for men and for women. Four have separate juvenile departments. Division into skilled and unskilled is made in two offices, and in the new municipal exchange in New York City there are seven departments: Female: (1) mechanical, industrial and professional; (2) domestic, hotel, restaurant and institutional help. Male: (1) mercantile, professional, technical, and printing trades; (2) juvenile; (3) building, machine shop and foundry, boot and shoe, textile, factory help, engineers and firemen; (4) culinary, including cooks, waiters, counter men, etc.; (5) agricultural and general unskilled labor. In British exchanges the general register (which excludes casuals) is divided into twenty-two separate sections.

(3) **VOCATIONAL GUIDANCE.** There should be a special department for vocational guidance, to co-operate with educational

and health officials, with unions and with employers, in endeavoring to place young workers where they will have an opportunity for industrial training and for real advancement, instead of leaving them to drift into blind-alley occupations. This department should be in charge of a superintendent experienced in vocational work and should be supervised by a special sub-committee on juvenile employment.

Vocational guidance is systematically carried on by the public employment exchanges in Massachusetts, and in three other states the beginnings have been made by interested superintendents. In Great Britain vocational guidance is a recognized and important function of the government system of labor exchanges. In London a local committee for each exchange, including representatives of the county council, the head teachers' association, employers and workers, co-operates with the health authorities and advises children and their parents.

(4) SELECTION OF APPLICANTS. Applicants should be placed on the basis of fitness alone. The offices should not be allowed to become resorts for sub-standard labor, but should strive to build up their business by attracting and serving the better grades of workmen.

Fitness is reported as a basis of placement in twenty American public exchanges.

(5) DECASUALIZATION OF CASUAL LABOR. One of the most important functions of a public labor exchange should be the decasualization of casual labor. The New York Commission on Unemployment reported in 1911 that two out of every five wage-earners are obliged to seek new places one or more times every year. When all casual workers are hired through a common center, employment can be concentrated upon the smallest possible number instead of being spread over a large group of underemployed.

Such systems are in successful operation in Great Britain among 31,000 Liverpool dock laborers, the cloth-porters of Manchester, and the skilled ship-repairers at Cardiff and at Swansea.

(6) DOVETAILING OF SEASONAL INDUSTRIES. The dovetailing of seasonal trades, so as to provide continued employment for workers during the slack seasons of their ordinary occupation, offers a promising field for public employment exchange activity.

During the winter building trades workers could take up ice cutting or logging, or do some of the less skilled work in shoe, textile or other factories which are busier at that season. Through the London labor exchanges women's work in ready-made tailoring, which is busiest in the spring and fall, has been dovetailed with hand ironing in laundries, which is heaviest during the summer.

(7) NEUTRALITY IN TRADE DISPUTES. These agencies should be held true to their public character and remain neutral in all trade disputes. Applications from plants affected by strikes or by lockouts should be received, but workers applying for positions involved should be explicitly informed of the existence of the dispute. Statements from both sides about the issues involved should also be shown to the applicants when they can be secured.

This is the method followed, with complete satisfaction to both sides, in most American public employment exchanges, as well as in England, France, Germany and Switzerland.

(8) ADVANCEMENT OF TRANSPORTATION. The officers should be empowered to advance, under careful safeguards, railroad fares to workers when necessary.

The Wisconsin exchanges sometimes turn over to applicants the transportation advanced by the prospective employer, checking the man's baggage to the employer as a safeguard. In Great Britain the exchanges advance carfare to workers residing more than five miles from the place of employment. In Germany workmen sent more than about fifteen miles are enabled to ride for half fare.

(9) CO-OPERATION WITH OTHER AGENCIES. Offices should co-operate with other employment bureaus, municipal, state and federal, in exchanging applications for help and for work, and in adopting uniform systems of records.

(10) CIVIL SERVICE. Only persons qualifying through civil service examinations should be employed in the work of the offices.

Civil service qualification is required in the state exchanges of Massachusetts, Minnesota, New York and Wisconsin, and in some municipal exchanges, including that in New York City. In Great Britain the employees of the national system, about 3,500 in number, are under civil service.

(11) **REPRESENTATIVE COMMITTEE.** Each office should work under the supervision and advice of a representative committee composed of representatives selected by both employers and workers.

Such representative committees have been established in Wisconsin, are required under the New York law, and have long been an important adjunct to the exchanges in Great Britain and in France.

2. **State Systems.** The most advantageous working of the local exchanges requires that these be united in efficient state systems, among whose duties would be:

(1) **ESTABLISHMENT OF LOCAL EXCHANGES.** The state should open local exchanges at all important industrial or agricultural centers, except where this has already been done by the local authorities.

As already shown, twenty-one states have made provision for local exchanges.

(2) **CO-OPERATION WITH LOCAL AUTHORITIES.** Wherever it is possible, the state system should co-operate with the local authorities in establishing and conducting the local exchange.

In Wisconsin the cities pay for office space, heat, light, telephone and janitor service; the state pays for supplies, salaries and administrative expenses. In Cleveland and in Cincinnati, O., also, the city and state share in the expense.

(3) **REGULATION OF PRIVATE EXCHANGES.** Except, perhaps, in the largest cities, needful supervision and regulation of private exchanges are best carried on by state authorities closely connected with the public system. Methods of regulation include:

- a. Licensing and inspection.
- b. Use of license fees to enforce regulations.
- c. Making appropriate administrative rules for private agencies after classifying them according to type.
- d. Prescribing forms for records, uniform with those used at public offices.
- e. Publishing information of the work of private offices together with that of the public bureau.

Private agencies are supervised by the same administrative body which conducts public labor exchanges in Colorado, Connecticut, Illinois, Indiana, Kansas, Michigan, Missouri, New York, Ohio, Oklahoma and Wisconsin.

(4) **STATISTICS.** As a basis for future preventive action, for vocational guidance, and for other purposes, the exchanges should carefully collect data, comparable from year to year and for the various sections of the state, on the amount and duration of unemployment, the ages and occupations of those affected, the causes, and on other points which will suggest themselves.

Detailed statistics of this nature are available through the British labor exchange system, through which the national unemployment insurance benefits are also paid.

(5) **BULLETINS.** Periodical bulletins should be issued, showing the state of the demand for labor and the supply in the various districts and industries within their field.

Monthly news letters are issued by the Massachusetts public exchanges, and similar bulletins are provided for in the New York State law.

3. **Federal Employment Bureau.** The federal employment bureau would have a valuable function in co-ordinating the work of the local bureaus and in organizing the labor market on a national basis. Such a federal system would have the following functions:

(1) **ESTABLISHMENT OF PUBLIC EXCHANGES.** With careful regard to existing state and municipal exchanges, the federal bureau might find it advantageous to open offices of its own where needed.

(2) **ASSISTANCE TO LOCAL BUREAUS.** Among the means by which the federal bureau could assist the work of the local exchanges are:

a. Interchange of Information. A systematic interchange of information on the state of the labor market should be developed through close correspondence, the issuance of periodical reports and, where advisable, the use of telegraph and telephone.

b. Standard Record System. A standard system of records should be devised and adopted for the whole country which would make possible comparison of results and compilation of statistics on a national basis.

c. District Clearing Houses. The country should be divided into districts, with a clearing house in each. The district clearing houses would:

(a) Exchange information between local bureaus and district branches of the federal bureau.

(b) Receive reports of local public and private agencies, and advise and supervise these agencies.

Great Britain, with an area only one twenty-fifth as vast as ours, has been divided for the purpose of administering its employment bureau system into eight divisions, each with its divisional office as a clearing house and channel of communication with the central office in London.

(3) REGULATION OF PRIVATE AGENCIES. In so far as private employment agencies do an interstate business they are properly subject to federal supervision and regulation under the interstate commerce clause of the federal constitution. Complete regulation might be secured through the use of the federal taxing power.

II. SYSTEMATIC DISTRIBUTION OF PUBLIC WORK. A well developed system of labor exchanges will not, of course, create jobs, but in addition to bringing the jobless workers quickly and smoothly in contact with such opportunities as exist, it will register the rise and fall in the demand for labor. This knowledge will make possible intelligent action for the prevention and relief of unemployment through the systematic distribution of public work and the pushing of necessary projects when private industry's demand for labor is at a low level. Public work will then act as a sponge, absorbing the reserves of labor in bad years and slack seasons, and setting them free again when the demand for them increases in private business.

1. **Adjustment of Regular Work.** Even at slightly additional cost regular public work should be conducted in years of depression and seasons of depression. A program of the amount of public work contemplated for several years in advance should be laid out and then carefully planned to be pushed ahead in the lean years which experience has shown to recur periodically, and in the months when private employment is at a low ebb. European experience shows that it is essential to the success of such a program that the work be done in the ordinary way, the workers being employed at the standard wage and under the usual working conditions and hired on the basis of efficiency,

not merely because they happen to be unemployed. This method of equalizing the demand for labor is the easiest and cheapest way of maintaining the reserves which private industry demands. The independence and self-respect of the workers are preserved, while necessary and productive work is accomplished for the community.

The English statistician Bowley estimates that if in the United Kingdom a fund were set aside for public work to be pushed in times of depression, an average of \$20,000,000 yearly, or only 3 per cent of the annual appropriation for public works and services, would be sufficient to balance the wage loss from commercial depression.

Duluth, Minn., has adopted the policy of building sewers throughout the winter in order to equalize the amount of employment. Detroit has found the digging of sewers in frozen ground no more expensive than under the blazing summer sun.

2. Emergency Work. In communities which have not yet developed such a program, or in times of special emergency, it is a much wiser policy to start large projects for public works than to support the unemployed through private charity or public relief. This should not be "relief work" or "made work" simply to keep idle hands busy, but should be necessary public work which would have been undertaken normally in the course of time, but which can be concentrated in the time of emergency.

Over fifty American cities successfully carried on such work during the winter of 1914-1915. The work done included digging sewers, laying water mains, improving roads and parks, erecting school houses, and repairing other public buildings.

The Idaho legislature of 1915 passed an act establishing the right of every person who has resided in the state for six months to ninety days' public work a year, at 90 per cent of the usual wage if married or having dependents, otherwise at 75 per cent of the usual wage.

For women and girls, and for men unsuited by training or by physique for the rougher kinds of public work, the Brooklyn Committee on Unemployment recommended the establishment in vacant loft buildings of municipal workshops where the unemployed of these classes could manufacture for themselves simple clothing and household utensils.

In England, to prevent unemployment during the war, the government appropriated large sums to help the local authorities in building schools, hospitals, sanatoria, workingmen's houses, street railroads, improving roads, bridges and parks, afforestation, reclamation of waste lands and in other needed public improvements. Workers were hired through the labor exchanges without special reference to their non-employment and were paid standard rates.

III. REGULARIZATION OF INDUSTRY. Side by side with the movements for public labor exchanges and for systematic distribution of public work should go the movement for the regularization of industry itself, through the combined efforts of employers, employees and the consuming public.

Regularization is demanded by the interests of employer and employee alike. The employer, with an expensive plant, requires steady production to keep down overhead expenses and to gain his greatest profit; the employee needs steady work to prevent destitution and demoralization.

1. Regularization by Employers. In the regularization of industry a large responsibility lies directly upon employers to regularize their own businesses. Every attempt should be made within the limits of each business to make every job a steady job. Sincere efforts in this direction on the part of the employer can accomplish much. Among the things which he can do are:

(1) **ESTABLISHMENT OF AN EMPLOYMENT DEPARTMENT.** The employer should establish, as part of his organization, an employment department, having at its head an employment manager whose special duty it is to study the problems of unemployment in the individual shop and to devise ways of meeting them. Such a department would aim at:

a. Reduction of the "Turnover" of Labor. By a study of its causes through records of "hiring and firing," reduction could be made in the "turnover" of labor which is at present so excessive that factories frequently hire and discharge 1,000 men in a year to keep up a force of 300.

b. Reduction of Fluctuations of Employment Inside the Shop. Among the methods that might be used for this purpose are:

(a) Systematic transfer of workers between departments.

A Massachusetts candy factory has succeeded, through transferring workers between departments, in overcoming the usual irregularity of the industry and in keeping its force at the same level throughout the year.

(b) Employing all on part time rather than laying off part of the force.

This policy was widely recommended in the winter of 1914-1915, notably by the unemployment commissions of New York and

Chicago, and by the chamber of commerce of Detroit. A large New Hampshire shoe factory employed half of its regular force each alternate week with complete success.

(c) Arranging working force in groups and keeping higher groups employed continuously. Those in lower groups will then be encouraged to keep out of the industry altogether, or to combine it with some other occupations to which they can regularly turn in the dull season.

(d) Keeping before the attention of the rest of the organization the importance of regularizing employment.

Many progressive firms are now engaging the services of employment managers, and in Boston and New York employment managers' associations have been formed for the co-operative study of their problems.

(2) REGULATION OF OUTPUT. The employer should regulate his output and distribute it as evenly as possible throughout the year. Methods to this end are:

a. *Record Keeping and Forward Planning.* Yearly curves should be kept, showing production, sales and deliveries day by day, week by week, and month by month; and an effort should be made each year to level the curve and to smooth out the "peak load." Production should, when possible, be planned at least six months ahead.

A manufacturer of Christmas novelties keeps production regular throughout the year by sending out samples and booking orders one year in advance.

b. *Building Up Slack Season Trade.* Special instructions should be given to sales departments and to traveling salesmen to urge customers to place orders for delivery during the slack season. Special advertising also stimulates trade in dull periods.

Some firms threaten delayed delivery on goods at the height of the season. Many firms offer especially low prices in the dull season, grant special discounts, make special cheap lines, or even do business without a profit simply to keep their organization together and to supply work for their forces. The mine owners by selling anthracite coal 50 cents a ton cheaper in April than in November have adjusted its sale and production so that work at the mines is more evenly distributed throughout the year.

c. *Keeping a Stock Department and Making to Stock as Liberally as Possible in the Slack Season.* The making of goods to stock requires the tying-up of a certain amount of capital, but many employers feel this to be balanced by the gain in contentment among the workers and

the increase of efficiency and team spirit in the organization. They have the further advantage of being able to supply goods immediately on order.

This method keeps many firms busy. It is more difficult in industries where goods are perishable or where style is an important factor, as in garment making and shoe making, but even here there are conspicuous examples of its success. Other manufacturers deliberately follow a conservative style policy, or concentrate the making of staple styles in the slack season.

d. *"Going After" Steady Rather Than Speculative Business.* Well organized business with a steady demand and a regular and sure profit can afford to dispense with the irregular and unreliable gains of a speculative business which often involve disorganization and irregularity of production.

e. *Careful Study of Market Conditions and Adjustment of the Business to Take Advantage of Them.* A broad market provides more regular business than a narrow one. Foreign trade supplements domestic trade, and orders often arrive from southern and far western markets when the eastern market is slack. A diversity of customers will usually provide a more regular demand than concentration on one or two large buyers. The retail trade will often take a manufacturer's goods just when the wholesale season has stopped.

In the shoe industry the ownership of chains of retail stores has enabled some manufacturers to regularize their business considerably, and a garment manufacturer who owns his own retail store is able to stock that just as soon as his wholesale orders run slack.

f. *Developing New Lines and Complementary Industries.* A diversity of products will often help to regularize a business. Many manufacturers study their plant, the nature of their material and the character of the market to see whether they cannot add new lines to supplement those they have and fill in business in the slack seasons.

One rubber shoe manufacturer, for example, adds rubber sheeting, rubber heels, tennis shoes, rubber cloth and rubber tires, and achieves a fairly regular business.

g. *Overcoming Weather Conditions.* Special refrigerating, heating, moistening, drying or other apparatus proves effective in many industries in enabling operations to be continued even in unfavorable weather. Even in the building trade the amount of winter work can be increased by provision for covering or enclosing and heating work under construction.

Brick making has been made a regular twelve months' industry instead of a seasonal six months' industry by the introduction of artificial drying.

(3) CO-OPERATION WITH OTHER EMPLOYERS. Employers could by collective action do much to diminish the extent of unemployment and to abolish trade abuses which lead to it. For instance, they could co-operate to:

a. Arrange for Interchange of Workers. A number of employers in the same or in related industries could arrange to take their labor from a central source and to transfer workers between establishments according to the respective fluctuations in business. This would prevent the wasteful system of maintaining a separate reserve of labor for each plant. The best agency for effecting this transfer is, of course, the public labor exchange.

The building trades employers of Boston have agreed to hire all their labor from one central source. The result is that the workmen are directed without delay from one employer to another and secure much more regular work.

b. Provide Diversity of Industries. Through chambers of commerce or similar organizations an effort should be made to provide communities with diversified industries whose slack seasons come at different times, so as to facilitate dovetailing of employments.

c. Prevent Development of Plant and Machinery Far Beyond Normal Demand. An installation of equipment, the capacity of which is far in excess of orders normally to be expected, is not only a financial burden, but it is a continual inducement toward rush orders and irregular operation.

In some industries this unhealthy tendency is counteracted by the distribution of excessive orders among other firms whose business is slack.

d. Prevent Disorganization of Production Due to Cut-Throat Competition. Agreements can in some cases be made to restrict extreme styles and other excessively competitive factors which serve to disorganize production.

A shoe manufacturers' association has successfully carried out agreements fixing the styles they will manufacture during the season.

(4) CO-OPERATION WITH OTHER EFFORTS TO REGULARIZE EMPLOYMENT. Employers should co-operate with all other efforts put forth in the community to regularize employment, especially with the public employment exchanges. Employers should make a special point of securing as much of their help as possible from these exchanges.

2. **Regularization by the Workers.** The workers themselves have a special opportunity and responsibility in the campaign against unemployment. There is a growing realization among them that regularity of employment is as important to the worker as a fair wage, and that poor employment lowers the standard of life as much as if not more than poor wages. There are evidences that they no longer feel resigned to unemployment as a necessary and inevitable consequence of the industrial organization, that they are expressing their indignation at the distress so caused, and are seeking means of relief. As measures against unemployment individually and through their organizations they should :

(1) **SUPPORT THE GENERAL PROGRAM HERE OUTLINED.** Parts especially recommending themselves for support by the workers are :

a. Establishment of the principle of elasticity of working time rather than elasticity of working force. Double pay should be enforced for overtime, however, thus compelling the employer to spread out production more evenly through the year.

When part of the mines in a community shut down the organized workers in the other mines frequently divide their work with the men thrown out.

b. Encouragement of public employment exchanges as the recognized agency for securing employment and for registering unemployment statistics.

c. Systematic distribution of public work and provision of emergency work.

d. Public unemployment insurance.

e. Foundation of a thorough system of economic education and industrial training.

(2) **PLACE LESS INSISTENCE ON STRONG DEMARCATIONS BETWEEN THE TRADES.** This would make possible the keeping of reserves for the industry as a whole rather than as at present for each separate trade, for each shop, and even for each separate operation within the shop. It would also permit a more comprehensive program of industrial education.

3. **Regularization by Consumers.** Consumers should arrange their orders and purchases to assist in the regularization

of production and employment. The principle of "shop early," which has proven useful in diminishing the Christmas rush, should be extended. Employers could do much more toward regularizing their output if consumers were more responsive to solicitations to buy in the slack season. Such requests are often sent out by employers, and too generally ignored by consumers. Much irregularity is also caused by sudden, heavy orders and by rush orders. A determination to exercise foresight and consideration in these matters on the part not only of the ultimate consumer but of large wholesalers and dealers whose demands on the manufacturer are often capricious and unreasonable, would also assist. The slogan of the consumer should become "Shop regularly!"

IV. UNEMPLOYMENT INSURANCE. The final link, which unites into a practical program the four main methods for the prevention of unemployment, is insurance. Just as workmen's compensation has already resulted in the nation-wide movement for "safety first," and just as health insurance will furnish the working basis for a similar movement for the conservation of the national health, so the "co-operative pressure" exerted by unemployment insurance can and should be utilized for the prevention of unemployment. For although much regularization of industry can be accomplished through the voluntary efforts of enlightened employers, there is also needed that powerful element of social compulsion which can be exerted through the constant financial pressure of a carefully adjusted system of insurance. The adjustment of insurance rates to the employment experience of the various industries, and then the further adjustment of costs to fit the practices of individual trades and establishments even within given industries, is well within the range of possibility.

To be regarded as secondary to this function of regularization is the important provision of unemployment insurance for the maintenance, through out-of-work benefits, of those reserves of labor which may still be necessary to meet the unprevented fluctuations of industry. The financial burden of this maintenance should properly fall on the industry (employers and workers as a whole) and upon the consuming public, rather than upon the fraction of the workers who are in no way respon-

sible for industrial fluctuations and who are as essential, even in their periods of unemployment, to the well-being of industry as are the reserves of an army. Furthermore, it is as important for industry as for the workers themselves that their character and physique be preserved during periods of unemployment so that they may, when called for, return to industry with unimpaired efficiency, and may be preserved from dropping into the ranks of the *unemployable* where they will constitute a much more serious problem.

Some form of unemployment insurance exists in most of the countries of Europe. Three methods of insurance, which can be either combined or organized independently, have been developed:

1. **Organization of Out-of-Work Benefits by Trade Unions.** This method has proven successful to some extent in Europe and has been used to a limited degree in the United States.

The Cigar Makers' International Union of America has had a successful system of out-of-work benefits since 1890. In 1912 it paid out \$42,911.05 in out-of-work benefits, at a cost of \$1.06 per member.

2. **Public Subsidies to Trade Union Out-of-Work Benefits.** As the "Ghent System," invented by Dr. Varlez, the international secretary of the Association on Unemployment, this method of administering unemployment insurance has become well known throughout western Europe.

Approximately 600,000 workers in Great Britain, 111,000 in Denmark, 103,000 in Belgium, 29,000 in Holland, and 27,000 in Norway were, on January 1, 1914, insured against unemployment under this system, which was also in operation in Luxemburg, certain cities of France and Italy, and in certain cantons of Switzerland.

3. **Public Unemployment Insurance.** In this employers, workers and the state should become joint contributors. Such a system should be carried on in close connection with the labor exchanges, for the exchanges furnish, particularly when their knowledge of opportunities for private employment is supplemented by an intelligent adjustment of public works, the best possible "work test" for the unemployed applicant for insurance benefits. Possible abuses of the insurance system may thus be thwarted. During the process both employers and workers learn to make use of the exchanges as centers of information and thereby help to organize the labor market. And of crown-

ing importance in the movement toward regularization of industry is the careful development of this form of insurance with its continuous pressure toward the prevention of unemployment.

Compulsory nation-wide insurance against unemployment is found in Great Britain, where a law providing insurance for 2,500,000 wage-earners in six selected industries went into effect on July 15, 1912. The successful working of the system points toward its early extension. Employer and employee each pay 5 cents weekly, payments being made, as with health insurance, through fixing stamps in a book, and a state subsidy is added amounting to one-third of the annual receipts from dues. The annual income has been approximately \$11,500,000, and \$2,488,625 were paid out to about 1,000,000 cases during the year ending January 16, 1914. The large reserve fund which is accumulating is expected to meet the drain of future hard times. The workman may receive a cash benefit from the second to the sixteenth week of unemployment in each year, under the following conditions: (1) He must have worked in one of the selected occupations at least twenty-six weeks in each of the preceding three years; (2) his unemployment must not be caused by a strike or by his own fault; (3) he must accept work of equal value if found for him by the labor exchange. Less than 2 per cent of all the cases have been found to be still out of work at the end of the sixteenth week.

In advance of the careful grading of industries according to the degree of irregularity of employment, this British system offers financial inducements to employers to keep their working force regularly employed. An annual refund of 75 cents is made for each of their workers who has been employed forty-five weeks during the year. Moreover, an ingenious provision of the law entitles any workman over sixty years of age who has been insured more than ten years and who has paid more than 500 weekly contributions to a refund of his total payments minus his total benefits, with compound interest at $2\frac{1}{2}$ per cent. This provision is intended to commend the system to the especially skilled and trusty workmen who runs little risk of losing his job.

OTHER HELPFUL MEASURES

In addition to the foregoing measures, which are directly aimed at the prevention of unemployment, the following policies, initiated primarily for a variety of other social purposes, would also prove helpful:

1. **Industrial training**, both of young people and of adults, should be encouraged. Every advance in his skill strengthens the hold of the worker upon his job, and a wider industrial

training makes possible for him adaptation to various kinds of work. Children, especially, should not be permitted to go to work without sufficient industrial training to prevent their being used as casual labor, and should be discouraged from entering "blind-alley" employments which destroy rather than develop industrial ability. For those who go to work early, the system of continuation schools, now found in many states, should be still further developed. The idea, also, that industrial training and education are not feasible for the adult worker should be abandoned.

2. **An agricultural revival** should be promoted to make rural life more attractive and to keep people on the land.

3. **A constructive immigration policy**, concerned with both industrial and agricultural aspects of the problem, should be developed for the proper distribution of America's enormous immigration.

4. **Reducing the number of young workers** by excluding child labor up to 16 years of age and restricting the hours of young people under 18 would lessen the number of the unskilled.

5. **Reduction of excessive working hours**, especially in occupations where the time of attendance and not the speed of the worker is the essential factor (such as ticket chopping and bus driving) would increase to a certain extent the demand for labor.

6. **Constructive care of the unemployable**, who are themselves largely the product of unemployment, must be devised, with the aim of restoring them, whenever possible, to normal working life. The problem of these persons is distinct from that of the capable unemployed, and should not be confused with it. For the different groups appropriate treatment is required, including (1) adequate health insurance for the sick, (2) old age pensions for the aged, (3) industrial or agricultural training for the inefficient, (4) segregation for the feeble-minded, and (5) penal farm colonies for the "won't works" and semi-criminal.

PUBLICATIONS ON UNEMPLOYMENT

The quarterly *American Labor Legislation Review* is a specialized magazine devoted to improving industrial conditions. The second number for 1915 is a 400 page volume dealing entirely with Unemployment Problems. Among the subjects treated are

Seasonal Trades.

Regularization of Industry.

Organization of Public Employment Bureaus.

Unemployment Insurance.

Juvenile Employment Exchanges.

Irregular Employment and the Living Wage for Women.

Adjustment of Public Works.

Select Bibliography.

To those entering their subscriptions to the *Review* at once we will, upon request, send free of cost the Proceedings of the First National Conference on Unemployment (1914, 210 pp. Price \$1). Among the contributors to these two volumes are:

Frederick C. Howe

Juliet Stuart Poyntz

Charles R. Henderson

Meyer London

Irene Osgood Andrews

Robert G. Valentine

John B. Andrews

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American Section of the International Association on Unemployment

IN AFFILIATION WITH

American Association for Labor Legislation

Purpose: To co-ordinate the efforts made in America to combat unemployment and its consequences, to organize studies, to give information to the public, and to take the initiative in shaping improved legislation and administration, and practical action in times of urgent need.

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At the request of the parent organization, and for the specific purpose of avoiding unnecessary expense and the annoyance of duplication of effort, the American Section of the International Association on Unemployment was organized in 1912, in close affiliation with the American Association for Labor Legislation. To this end the constitution of the former provides that the secretary and treasurer, as well as three of the members of the executive committee of the latter, serve in the same capacity for the unemployment association. Thus the two organizations are working in complete harmony for the study and prevention of unemployment in America.

The American Association on Unemployment is supported entirely by voluntary contributions. We invite the co-operation of every earnest man and woman who believes in the necessity of this work.